

## **Let the first-time buyer beware!**

If you are buying a house for the first time, do your homework. Buying a home may well be the biggest investment that you will ever make, so you want to do right. This means preparing yourself by acquiring knowledge about the process of buying a house, as well as familiarizing yourself with the real estate market. Finding the home that is right for you requires much hard work.

To Start Off

Real estate agents usually ask first-time buyers about their preferences for a home, based on the following four factors: location ( for example whether it is near to your workplace); size ( 100 square meters, 150 square meters, 200 square meters, or 400 square meters); amenities ( parking, a pool); its present state ( condition if used, off plan, or newly built). These are some of the questions that buyers should ask themselves before they even start the search:

- What is the best quality of apartments available that is still within my budget?
- Do I want a bigger and better apartment in a cheaper area or a smaller home in a more affluent region?
- Will the apartment will be big enough for the family we intend to have or will we have to move to a larger place at some point?
- How much time am I willing to spend traveling to and from work each day?
- How will my children get to school?
- How far away are the shopping facilities?
- Do I want a special play area for my children?
- Must there be parking for one, two or three cars?
- What are the family's favorite leisure activities and how far away are they?
- Would a crowded neighborhood drive me crazy?
- Where does my extended family live? My close friends? How far away from them am I willing to be?

Brokers and developers almost always expect first-time home-buyers to be a little unrealistic. With a budget of \$ 400,000 they might ask a broker to find them a 400 square meter house in Ramlet El Baida or the Sursok district. This is a triumph of optimism over reality, as prices in these areas start at no less than \$ 4,000 to \$ 5,500 per square meter. Prices of apartments on the seafront of Ramlet El Baida, hence with an unobstructed view of the sea, start at a minimum of \$ 8,000 per square meter.

## **What Type Of House Is Suitable For Me?**

According to developers, there are simple, average, deluxe, and super deluxe homes. A home is considered simple when it's small, and has cheap features; for example, the floor is not paved with ceramic tiles, the doors are not made of expensive wood, there is no heating system, no A/C, and sometimes no elevator, or locally-made lifts are used. These kinds of houses usually cover areas

between 100 and 130 square meters. The average home has better features: the elevator is of foreign origin, aluminum is used for the balconies and the windows, floors are ceramic, and paint work has a better finish. Location, of course, also plays a part but it is obvious that expensively-finished houses are not usually built in cheap areas. Homes are usually constructed according to the neighborhood in which they are located. When developers intend to construct, they make an economic assessment of the area. For example, in Kfarhabab, you can easily find big apartments with special features: the heating system and A/C are obligatory, the ceramic is thicker, the doors are made of oak, and the paint is top quality. Areas like Adma, Ramlet El Baida, or Ras Beirut follow a different pattern, with prices set according to the features and amenities. However, in this case, the location is more important. If the apartments do not have a sea view then they are not considered a super deluxe and their prices reflect this. When the apartment has a sea view and there is a guarantee that this view will never be blocked, then these homes have no fixed market price; they are sold according to supply and demand.

### ***Location Is Almost Everything***

Your first goal is to find a suburb or neighborhood that offers homes that meet your needs, at a price you can afford. A good location is one close to work, good schools, shops, restaurants, and public transportation. Some brokers point out that proximity to place of work and children's school is more important to some buyers than budget. This is why, they say, home-buyers are 'invading' Beirut regardless of their spending limit. On the other hand there are, according to brokers, a significant number of people who take into account social, cultural, partisan, and family considerations. Homes may be found by simply asking around in chosen area. Parents, friends, and the developers themselves may play a much more important role here.

### ***Watch Out For Unseen Defects***

If on the first visit the house appears to meet your needs, and feels like it could be home, and then arrange a second visit. This is even more important because it is then that you can begin checking around for details that may not have been obvious at the initial inspection. Given the large size of the financial commitment in buying a house, it is unwise not to have the prospective home professionally inspected before signing any deal. Property defects usually come into general categories: obvious and hidden. Anybody can see obvious defects. Hidden defects need an expert to detect. Sometimes brokers may suggest that, if you want to avoid the expense of paying for an expert, you should check with neighbors or investigate the reputation of the developer. As for obvious defects, even an amateur can check the water faucets to see whether they leak. Flipping light switches on and off and flushing the toilets to find out whether they work properly are easy, but effective, tests. Has the tiling been done so that it is even and well-finished? There may be cracks on the property's interior walls, exterior walls, and floors. Here an amateur could easily come to the wrong conclusion. Some cracks are superficial, and easily fixed. Others may indicate serious flaws. For moisture problems look for water stains on the ceiling, walls, and floors. All doors and windows should open and close easily, yet fit snugly so that wind and rain are kept out. Don't forget unevenness: floors shouldn't slope, and walls shouldn't swell.

## **Legal Procedures**

It is not enough to check the walls and the plumbing. There are legal aspects also to be checked before finalizing any deal. First, you should ask an engineer to visit the relevant Real Estate Registry and look for the Real Estate Journal to check for compliance with safety standards in the construction, and if there is any claim or lawsuit regarding the building. The legal term for such a claim's is 'ishara'. The second step is to pay a visit to the Ministry of Finance and to the Registry of Topography. At the Ministry of Finance, you should obtain the rental evaluation ('qima taajiriya') of the apartment you intend to buy, because this document will be requested when you register your house, as taxes are decided based on this evaluation among other factors. This document is drawn up after a building is partitioned into apartments; in other words, after the ifraz has been done. The Ministry evaluates also the annual taxes payable on an apartment according to its rental assessment for one year. From the Registry of Topography, you should acquire a map for the plot and the plan of the construction (especially to check whether the zoning standards are respected and the plot has no conflicts with adjacent plots). The area of the apartment with respect to the plan is called 'ifadet kail'. These two documents will show whether the developer has committed any acts that contradict the construction permit. The owner should provide the ownership deed ('sanad melkieh'). However, one of the most important legal documents is the 'irtifaq wa takhtit', which is essential to check whether the government has planned any future project that might affect the building in which you intend to buy your new apartment. This document is obtained at the Federation of Municipalities in each district. A six-lane highway outside the living room window may be the noisiest neighbor ever.

## **Take Advantage Of Favorable Lending Conditions**

Developers and brokers agree that now is a good time to buy a home because banks are currently giving home loans with easier terms to those who have a steady income. Interest rates have decreased noticeably over the past few years, and banks are competing over acquiring new housing loans by relaxing their requirements and facilitating and speeding up the application and approval processes. The Public Institution for Housing and the Housing Bank are offering more lenient loans, and the Central Bank is subsidizing a new loan program.